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May 21, 2002

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Rick Auerbach
Assessor

J. Tyler McCauley
Auditor-Controller

SUBJECT: ERRONEOUS REFUNDS FOR REAL ESTATE EXEMPTION

This report is to inform you about the mailing of notices and tax bills, which may result in public inquiries to your offices. For the past three years, the Assessor's and Auditor-Controller's Offices, in a joint effort, have been working on the recovery of erroneously issued refunds. Approximately 300 property owners were affected, and will need to repay the subject refunds.

The erroneous refund situation occurred when an exempt, or partially exempt property, changed ownership at a value lower than the existing assessed value. While lowering the assessed value normally results in a refund to the new owner, it should not have in these cases because taxes were not paid on the full-assessed value due to the exemption. Our computer systems were not able to recognize this situation and issued a refund in error to the affected property owners. System changes that will prevent this from happening in the future are currently being tested and will be implemented soon.

The Auditor-Controller's Office will process the information to create the property tax bills necessary to recover the erroneous refunds. If the tax bill amounts are \$500 or greater, the taxpayer may apply for a four-pay installment plan with the Treasurer and Tax Collector's Office. The Treasurer and Tax Collector's Installment Plan Section may be contacted at (213) 974-7242.

On May 6, 2002, the Auditor-Controller's Office mailed out 205 notices to inform the affected taxpayers about the repayment of the erroneous refunds. The refunds involved with this first phase amount to approximately \$468,000. We expect there will be additional notices for approximately one hundred parcels to follow shortly in the second and final phase.

Should any taxpayer wish to discuss the receipt of their notice or need information about their assessment, they should call the Assessor's Major Exemptions Unit at (213) 974-3481. Taxpayers with questions on the calculation of the tax bills should contact the Auditor-Controller's Property Tax Division at (213) 893-2887.

c: David E. Janssen, Chief Administrative Officer
Mark Saladino, Treasurer and Tax Collector